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ATTACHMENT A

DD/S COMMENT:

1. With respect to (a) the advantages and disadvantages of continuance of the FE Division stock account will be explored in collaboration with DD/P personnel and a conclusion reached as to whether the use of this account should be (1) continued for the FE area on its present basis; (2) modified as required to best accomplish its objectives; or (3) eliminated. Stock allotment accounts were designed primarily for the procurement of materiel purchased for stock and subsequent issue to specific using projects and activities; in such circumstances obligations for property acquired cannot be charged directly against the using project accounts as contemplated in the IG recommendation (page 596). Procurement (or stock) allotment accounts are utilized for substantially all procurement at headquarters. Under the Financial Management Improvement Program improved costing techniques will be developed and placed into effect to permit identification of all practicable costs to the related activities but this will not obviate the need for procurement allotments or other techniques for processing transactions involving the purchase of property in advance of its actual identification with using activities.

2. Concerning paragraph (b) the Agency's financial accounting and budget procedures are designed to furnish obligation and expenditure data as well as cost data to fulfill both legal and management requirements. Cost data are being accumulated but, apparently, are not being reported in the detail and at the level desired. One of the objectives of the Agency's Financial Management Improvement Program is the compilation and distribution of cost data in the detail and level desired by management. Experiments and discussions are now being conducted in order to arrive at a practical solution to this problem.

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